



**FAIR COMPETITION COMMISSION**  
**THE COMPETITION RULES, 2018**

**RULE 42 (14)(a) (I)**

**MERGER CLEARANCE CERTIFICATE**

(Issued under section 11 of the Fair Competition Act, 2003 and Rule 42 (13) (a) and (14) (a) (i) of the Competition Rules, 2018)

1. To

**Natural Habitat Inc.,  
WTA2, LLC,  
C/o Clyde & Co Tanzania,  
3<sup>rd</sup> Floor, IFIVE Plaza,  
Haile Selassie Road,  
P. O. Box 80152,  
DAR ES SALAAM.**

2. Merger Application No. **CBC.127/359/210** of 2024 between Natural Habitat Inc and WTA2, LLC (**Acquiring Firms**) to acquire 100% shares in Ngorongoro Safari Lodge Limited (**Target Firm**).
3. On 2<sup>nd</sup> May 2024 you applied for approval of a merger by the Fair Competition Commission pursuant to Section 11 of the Fair Competition Act No. 8 of 2003.
4. After reviewing the information you provided, the Commission approves the merger pursuant to section 11 (3) of the Fair Competition Act No. 8 of 2003 and Rule 42 (13) (a) of the Competition Rules, 2018.
5. This approval is not subject to conditions:

6. The Fair Competition Commission has the authority to revoke its own decision to approve or conditionally approve the merger under rule 48 if:

- (a) The decision was based on incorrect information or which a party to the merger is responsible;
- (b) The approval was obtained by deceit; or
- (c) The firm concerned has breached an obligation attached to the decision.

7. Pursuant to Rule 24 (1) of the Competition Rules, 2018, we the undersigned Commissioners have so decided.

SN	Name	Designation	Signature	Date
1.	Dr. Aggrey Mlimuka	Chairman		30-6-2024
2.	Mr. Jenard Lazaro Bahati	Member	Jenard lazaro	30-6-2024
3.	Dr. Godwin Otieno Osoro	Member		30-6-2024
4.	Mr. William E. Erio	Member		30-6-2024

#### 8. Contact

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**FAIR COMPETITION COMMISSION**

**REASONS FOR COMMISSION DECISION**

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**ACQUISITION BY NATURAL HABITAT INC AND WTA2, LLC OF ENTIRE SHARES  
IN NGORONGORO SAFARI LODGE LIMITED**

*Merger Application No. CBC.127/359/210*

**JUNE 2024**

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## **1.0 Background**

On 2<sup>nd</sup> May 2024, Clyde & Co Tanzania of 3<sup>rd</sup> Floor, OFIVE Plaza, Haile Selassie Road, Masaki, P. O. Box 80512, Dar es Salaam, Tanzania, acting on behalf of Natural Habitat Inc and WTA2, LLC, notified the Fair Competition Commission (FCC) of their intention to acquire the 100% shares of Ngorongoro Safari Lodge Limited.

Notification made pursuant to Section 11 of the Fair Competition Act No. 8 of 2003 and Rule 33 of the Competition Rules, 2018. Natural Habitat Inc with WTA2 LLC will collectively refer as "Acquiring Firms" and together with Ngorongoro Safari Lodge Limited will herein after be referred to as the **Merging Firms**.

On 08<sup>th</sup> May 2024, the Commission issued a Notice of Complete Filing (Form FCC. 11) to the Acquiring Firms as per requirement of Rule 35 (1) (a) of Competition Rules, 2018.

On 15<sup>th</sup> May 2024, pursuant to Rule 36(3) of the Competition Rules, 2018, the Commission issued a Ninety Days Prohibition Notice (Form FCC. 14A) notifying the merging firms that the transaction shall be examined and that it is prohibited for a period of up to 90 days, to allow for investigation of the same. The tenure of the said Form FCC. 14A will end on 12<sup>th</sup> August, 2024.

## **2.0 Parties to the Application**

### **2.1 Details of the Acquiring Firms**

#### **2.1.1 Natural Habitat Inc**

Natural Habitat Inc (herein after referred to as Acquiring Firm) is a company incorporated under the Laws of Colorado USA, with company incorporation number 19901071739. Its registered office is located at 1900 W Littleton Boulevard, Littleton, Colorado 80120, United States of America.

## 2.1.2 Ownership Structure of Natural Habitat Inc

**Table 1: Shareholding Structure of Natural Habitat Inc**

S/N	Name of Shareholder	Nationality/Country of Incorporation	Number of Shares	Shareholding (%)
1	Lindblad Expeditions LLC	USA	1,946	100
<b>Total</b>			<b>1,946</b>	<b>100</b>

Source: Merging firms' Submission

## 2.1.3 Business Activities of Natural Habitat Inc

Natural Habitat Inc engages in the provision of service of land-based expeditions, adventure cruises, safaris, polar trips and specialty tours across the globe.

## 2.2 WTA2, LLC

WTA2, LLC is a company incorporated in the State of Delaware, USA. Its registered office is located at 251 Little Falls Drive, Wilmington, Delaware 19808, USA.

### 2.2.1 Ownership Structure of WTA2, LLC.

**Table 2: Shareholding Structure of WTA2, LLC**

S/N	Name of Shareholder	Nationality	Shareholding (%)
1	Natural Habitat Inc	USA	100
<b>Total</b>			<b>100</b>

Source: Merging firms' Submission

### 2.2.2 WTA2, LLC Business Activities

WTA2, LLC as a subsidiary of Natural Habitat Inc provides land-based expeditions, adventure cruises, safaris, polar trips and specialty tours across the globe.

Natural Habitat Inc and WTA2, LLC will together refer as "Acquiring Firms".

## 2.3 Ngorongoro Safari Lodge Limited (Target Firm)

Ngorongoro Safari Lodge Limited is a company incorporated under the laws of Tanzania with company registration number 6729. Its registered office is situated at Gibb's Farm in Karatu Arusha.

### 2.3.1 Ownership Structure of the Target Firm

**Table 3: Shareholding Structure of the Target Firm**

S/N	Name of Shareholder	Nationality/Country of Incorporation	Number of Shares	Shareholding (%)
1	Judith Ann Wineland	American	1,312,874	49.8
2	Warwick Eldred Thomson	New Zealand	1,312,874	49.8
3	Judi Winland Living Trust	American	5,000	0.2
4	Rick Thomson Living Trust	American	5,000	0.2
<b>Total</b>			<b>2,635,748</b>	<b>100</b>

Source: Merging firms' Submission

### 2.3.2 Target Firm's Business Activities

The Target Firm operates in the tourism accommodation services and it runs a landed property named Gibbs Farm which is a lodge located at Karatu in Arusha Region. Gibb's Farm is strategically positioned to provide tourist accommodation along the main safari route from Arusha to the Tarangire, Lake Manyara and Lake Eyasi national parks, before heading north to the Ngorongoro Crater and Serengeti.

## 3.0 The Proposed Transaction

Based on the Share Purchase Agreement entered between the Merging Firms, the Acquiring Firms intends to acquire entire shares in the Target Firm at a total consideration of **USD\$ 5,500,000**.

### 3.1 Post-Merger Shareholding Structure of the Target Firm

Following the proposed transaction, the Target firm shareholding structure post-merger will be as shown in in Table 4 below.

**Table 4: Post-Merger Ownership Structure of the Target Firm**

SN	Name of the Shareholder	Nationality/Country of Incorporation	No. of Shares	Shareholding %
1	Natural Habitat Inc	USA	2,633,112	99.9
2	WTA2, LLC	USA	2,636	0.1
<b>Total</b>			<b>2,635,748</b>	<b>100</b>

Source: Merging Firm submission

#### 4.0 Rationale for the Proposed Transaction

Merging Firms submitted that, the current shareholders of the Target Firm are retiring and have no interest in continuing with the business. They have opted to sell to the Acquirers due to the synergies between them. Both companies provide small group, eco-friendly services and both have a mission of protecting the planet by inspiring travellers and supporting local communities.

The Proposed Transaction also is expected to promote growth in the tourism accommodation market in Tanzania, and it is also consistent with the Acquirers strategy of investing to increase value to local consumers and expanding options available to potential customers, with a view to profiting from growth in demand.

The rationale for the proposed transaction as submitted is justified

#### 5.0 Purpose of the Analysis

The purpose of this analysis is to ascertain whether the transaction is likely to have adverse effects on competition as provided under Section 11(1) of the FCA. According to this section, a merger is prohibited if it creates or strengthens a position of dominance in the market. Control of mergers and acquisitions play an important role in ensuring that markets in different sectors of the economy remain contestable. It is the responsibility of the FCC to examine merger applications and exemptions with a view to establish their likely effects to competition.

Based on the fact that in this modern era of industrial organization, mergers and acquisitions are viewed as essential for sustained economic expansion, the spirit of the law is not to prevent or restrict in any way the merger transactions or business expansion in Tanzania. FCC is aware that combination of resources through a merger or an acquisition, firms are able to increase efficiencies through reduced costs,

strategic reorganization, adoption of new technologies and combined expertise. FCC is equally aware that mergers and acquisitions are the quickest means for firms to source capital that can transform them to more efficient and competitive firms.

Therefore, the test is whether the post-merger firm will result into either creation of a dominant position or strengthening the existing dominant position, which in turn may restrict, distort or lessen competition in the identified relevant market.

## **6.0 Public Notice**

After considering the parties' submission, the FCC, pursuant to Rule 49 of the Competition Rules 2018, published a Public Notice, that invited parties (both legal and natural) who deemed themselves as having sufficient interest in this merger; or if the merger not objected, it will have or is likely to have material effect on their interests to register their interest. The information will assist the FCC in reaching a just and reasonable decision with regard to Acquirer's notification of an intended merger. The public was supposed to register their interests with the FCC within fourteen (14) days from the first day of the publication of the public notice. The FCC's Public Notice published in the Daily News and Habari Leo newspapers of 14<sup>th</sup> May 2024. The said Public Notice expired on 27<sup>th</sup> May 2024.

### **6.1 Response to the Public Notice**

At the lapse of fourteen days from the first date of the publication of the Public Notice, which was on the 27<sup>th</sup> May 2024; there were no interests, objections or information registered by the members of the public.

## **7.0 Analysis of the Industry and Market**

The proposed transaction occurs in Tourism sector specifically provision of Hospitality and accommodation services to Tourists. The Target Firm owns and operates a Lodge located at Karatu in Arusha Region.

Karatu town is excellently positioned on the borders of Lake Manyara National Park and Ngorongoro Crater, giving it the nickname 'Safari Junction'. Due to its location it has been frequently utilized as a quick stopover in between safari expeditions or as a less expensive lodging alternative than staying on the rim of the Crater and within Lake Manyara National Park. In that regard it has attracted investments in building

accommodation services for Tourists ranging from Five star (5\*) luxury lodges to Two star (2\*) motel such as properties and camp sites.

The Target Firm owns a Lodge known as the Ngorongoro Safari Lodge which is rated as a Four star (4\*) Lodge. Practically this Lodge competes with several other Lodges and Hotels around which are close to its vicinity. These other accommodation facilities are rated from 3\* to 5\* facilities, but due to their price ranges and quality of services provided they all could be potential competitors to the Target Firm's Lodge. There are more than Thirty of these other facilities who are direct competitors to the Target Firm. This makes the industry very competitive, innovative and quality sensitive.

The acquiring Firm does not have operations in Tanzania and therefore the merger is not expected to change the market structure in the relevant market.

## **7.1 Market Definition**

### **7.1.1 Product Market**

The product market is defined as provision of Tourist Accommodation services.

### **7.1.2 Geographic Market**

The geographic area under consideration is at Karatu area in Arusha Region.

### **7.1.3 Relevant Market**

The relevant market is defined as provision of Tourist Accommodation services at Karatu area in Arusha Region.

## **8.0 Market Structure and Concentration Analysis**

The relevant market is very competitive with over thirty Lodges and Hotels directly competing for customers with the Target Firm. In addition, there are more than Forty other 2\* Lodges and camp sites who also can potentially be competing with the target Firm due to their quality of their services and customer care.

The data for 2023 show that more than 481,163 Tourists are recorded to have visited Ngorongoro Conservation Area, which is considered to be the relevant market tourist destination area. Out of these 10,085 were hosted in the Target Firm's Lodge.

Therefore, Merging Firms approximate the Target Firms market share to be around 2%.

Given the fact that, the Acquiring Firm is not operational in the relevant market therefore, the proposed transaction is not expected to have any adverse effect on competition in the relevant market.

However, for completeness the Table below shows some of the direct competitors to the Target Firm.

**Table 5: List of Hotels and Lodges directly competing with the Target Firm**

<b>SN</b>	<b>Competitor</b>	<b>Rating</b>	<b>Status</b>
1	Neptune Ngorongoro Luxury Lodge	5 star	Operational
2	Acacia Farm Lodge	5 star	Operational
3	Heart & Soul Lodge	4 star	Operational
4	Jungle Pearl Resort	4 star	Operational
5	Ngorongoro Marera Mountain View Lodge	3 star	Operational
6	Lake Manyara Serena Safari Lodge	4 star	Operational
7	Ikizu Dream Hotel	4 Star	Operational
8	Bashay Lodge	3 star	Operational
9	Peak Hotel	3 star	Operational
10	Ngorongoro Coffee Lodge	3 star	Operational
11	Karatu Simba Lodge	3 star	Operational
12	Ngorongoro Corridor Lodge	3 star	Operational
13	Stc. Safari Lodge	3 star	Operational
14	Bougainvillea Safari Lodge	3 star	Operational
15	Lake Manyara Wildlife Lodge	3 star	Operational
16	The Retreat at Ngorongoro	4 star	Operational
17	Endoro Lodge	3 star	Operational
18	Kankari Lodge	3 star	Operational
19	Flamingo Sfari Lodge	3 star	Operational
20	Pembeni Rhotia	3 star	Operational
21	Ngorongoro Forest Tented Lodge	3 star	Operational
22	Tanzanice Farm Lodge	3 star	Operational
23	Octagon Lodge	3 star	Operational
24	Escarpment Luxury Lodge	3 star	Operational
25	Green Hills Lodge	3 star	Operational
26	The Okaseni Lodge	3 star	Operational
27	Crater Forest Tented Camp	3 star	Operational
28	Highview Hotel	3 star	Operational
29	Lake Manyara Hotel	5 star	Operational
30	Country Lodge	3 Star	Operational

The data presented in Table 5 indicates a significant presence of accommodation facilities around Karatu area, suggesting a highly competitive market landscape. It is worth to note that there are more than Forty other Lodges rated at 2\* and 3\* who offer quality and affordable services and could at some point offer competition to the Target Firm.

Moreover, since the Acquiring Firm is not currently participating in the relevant market, the anticipated transaction is not likely to immediately alter the competitive dynamics therein. Consequently, it can be inferred that the proposed transaction will have no impact on the market structure or concentration levels within the relevant market in which the Target Firm operates.

Considering the number of players in the relevant markets providing similar services, there is no likelihood for the post-merger firm to have adverse effects to competition in the relevant market.

## **9.0 Effects of the Acquisition**

### **9.1 The Prohibition Tests**

Pursuant to Section 11(1) of the FCA, a merger prohibited if it creates or strengthens a position of dominance in a market. Therefore, the test is whether the post-merger firm will result into either creation of a dominant position or strengthening the existing dominant position. To understand what a dominant position is, section 5 (6) of the FCA, provides that a firm considered will be to have a dominant position if both (a) and (b) apply:

- (a) Acting alone the post-merger firm can profitably and materially restrain or reduce competition in the market for a significant period of time; and
- (b) The post-merger firm's share of the relevant market exceeds 35 per cent.

The prohibition test employed in the two segments of the relevant market to shape the verdict of the merger application. The analysis is as provided hereunder.

### **9.1.1 Unilateral Effects**

Generally, the issue to be established in this part of the analysis is whether the resulting firm will be able to unilaterally exercise market power through raising prices, reducing output, quality or variety in a bid to gain unjustifiable profits. This is provided for in sections 5(6) (a) and 5(6) (b) of FCA for which both provisions must be satisfied simultaneously.

The highly competitive nature of the relevant market and number of players in the relevant market will act as competitive constraint for merging firm to exercise market power without losing customers.

Therefore, there will be no any unilateral effect as the result of the proposed transaction.

Thus, the FCC concludes that approval of the transaction cannot assist the merging parties in indulging into unilateral conducts that can harm competition in the relevant market.

### **9.1.2 Coordinated Effects**

Coordinated effects may arise where the transaction reduces competitive constraints in a market, thus creating or strengthening the conditions that facilitate the ability of competitor(s) to coordinate their competitive behavior. Coordinated behavior in an anti-competitive way can take various forms, for example on prices or coordination through customer/market allocation. Such coordination results in a loss to customer welfare.

FCC is of the view that nature of the relevant market cannot assist merging Parties to indulge into coordinated conducts that can harm competition in the relevant market.

The FCC concludes that approval of the transaction may not assist the merging parties to indulge into coordinated conducts that can harm competition in the relevant market.

## **9.2 Barriers to Entry and Expansion**

### **9.2.1 Natural Barriers**

Merging firms submitted that the natural barrier is capital. Investing in tour operator business requires access to capital, specifically in relation to procuring vehicle and marketing and brand identity:

### **9.2.2 Strategic Barriers**

Merging firms submitted that the key strategic barriers are reputation. Building a good reputation and breaking into the market successfully depends on competitive level of services offered. Further, other strategic barriers are overhead costs which mainly are the salaries paid to workers.

### **9.2.3 Regulatory and Policy Barriers**

Merging firms submitted that, the main regulatory barriers are Licensing and Approvals. Tour operator industry is a regulated sector, and a number of licences and approvals (including compliance requirements) are required in order to carry out operations legally.

FCC observes that these barriers are necessary to regulation and ensure sustainability of the sector in the country. Therefore, FCC concludes that, there are No significant barriers to entry and expansion in the relevant market.

There are no significant barriers to entry and expansion in the relevant market.

## **10.0 Conclusion**

- i. The relevant market is defined as provision of Accommodation services to Tourists at Karatu area in Arusha Region.
- ii. Considering the number of players in the relevant market providing similar services, there is no likelihood for the post-merger firm to have adverse effects to competition in the relevant market.

- iii. The pre and post-merger scenarios will remain the same for both perspectives of Section 5 (6) (a) and (b) and thus having no possibility of either creating or strengthening a position of dominance in the relevant market.
- iv. FCC concludes that the approval of the transaction may not assist the post-merger firm to indulge into coordinated conducts that can harm competition in the relevant market.
- v. There are no significant barriers to entry and expansion in the relevant market.

**11.0 Commission's Decision**

Based on the conclusions above, the Commission hereby APPROVES the proposed transaction.

Issued at Dodoma by the undersigned on 30<sup>TH</sup> day of JUNE, 2024

SN	Name	Designation	Signature
1.	Dr. Aggrey K. Mlimuka	Chairman	
2.	Mr. Jenard L. Bahati	Member	Jenard lazaro
3.	Dr. Godwin O. Osoro	Member	
4.	Mr. William E. Erio	Member	